Audit's® MARKET ANALYSIS OF SECURITIES OF REITS AND REAL ESTATE COMPANIES

Realty Stock Review

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MARKET STRATEGY: PRESERVE BUYING POWER UNTIL THE MARKET MAKES A CLEAR BOTTOM

The market has ripped through many support levels this past week and now is poised to threaten its Sept. low of 810 interday on the Dow-Jones Industrials. So far realty stocks haven't been hit hard by this retreat, witness the small list of new lows (page 8). But there's clear vulnerability as seen in the list's sharp 2.4% drop since Jan. 1, v. a 3.1% fall in the DJI (Comparative Stock Averages table, p. 3).

The hardest hit issues since Jan. 1 are in the non-dividend payers among the recovering former REITs: Moraga Corp. fell 20% after control changed (RSR, Dec. 24) and it bought a string of service stations without non-control shareholders getting a sniff of the $14/sh. at which control changed hands; U.S. Shelter Corp. (new) also fell 20% after it completed acquiring American Fletcher Mtg. Inv.; new U.S. Shelter is offering to buy the old shares at $5½ cash. Other big decliners include Triton Group (old Chase Manhattan Mtg.), off 19%; North Amer. Mtg., off 17.7%; and American Pacific, down 16.7% on roadblocks in its bid for Pacific Realty Trust (page 8).

Losers among REITs include USP REIT, down 20% after its sponsor, Life Investors, bought about 34½% of shares (725,000) via tender at $10.75; Heitman Mtg., on tight money fears; and RAMPAC, down 12% as traders apparently sold after judging that no tender is forthcoming from British Coal Board, its largest shareholder.

In this market, news is having curious effects on stocks. Property Trust of Amer. is the biggest REIT gainer since Jan. 1, up 20½% on news it has hired an investment banker to explore mergers and/or new capital sources. Traders see this as a liquidation move, hence the runup to levels we see as full. But U.S. Realty, an old-line Cleveland based trust, hasn't risen since announcing it will liquidate, although prices rose before the announcement. It's stock is at 14-7/8 vs. $19.47 current asset value and is an arbitrage.

We've pulled the computer rankings this issue to make room for items we see as new departments: New Listings and Ranking Changes, both on p. 7, and a fuller discussion of New Highs & Lows (p.8). We plan to continue these features.

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STOCKS IN THE SPOTLIGHT: B.F. SAUL AND JMB REALTY DETAIL NEW NET ASSET VALUES

The current asset values on this page each issue are one of the newest items for real estate companies. They strike away from traditional historic cost accounting and are management's way of telling shareholders how much they think the real estate assets are really worth.

But current net asset values aren't widely accepted, one reason for the big discounts. Another reason is the possibility that management may use the asset values to hype the stock. Two new current value estimates shed new light on the question by giving key details:

B.F. Saul REIT posted a new current asset value of $17.28/sh. at Sept. 1981, up 12% from 1980. But with BFS shares at 7-1/8 (NYSE) selling at 59½% below this number, investors need to know why. The biggest reason we can see is that Saul is putting a fairly full value on "futures," not an unknown practice in real estate. It reflects many factors, including expected leasing rates for new buildings, expected renewal leases for existing properties, and estimated debt service on future or pro forma mortgages. Here's how Saul analyzed these futures:

--Cash flow before debt service was projected on a stabilized basis. This stabilized (or estimated) cash flow exceeded actual 1981 cash flow by 33% for apartments, 9% for shopping centers, 68% for motels, and 50% for office and industrial properties. Since Saul gets over half of cash flow before debt service from shopping centers, the percentages mean that it based values on 25% more cash flow than actually came in, or $24.0 mil. v. $19.2 mil. actual.

--Net cash flow was derived by deducting actual or pro forma mortgage debt service from stabilized operating cash. How this affects Saul's net cash flow is not detailed but some idea comes from the fact that Saul carries $44 mil. bank debt geared to the prime rate and $9.8 mil. of senior notes, compared to $105 mil. mortgages secured by properties. Since some of this debt finances condo conversions, we really can't say how much this estimation of pro forma debt service may boost net cash flow.

--Saul then applied capitalization rates to this estimated net cash flow to value its equity. The cap rates appear reasonable: 7½% to 13% for shopping centers, 8%-10½% for apartments, etc.

--Apartments judged to have condominium potential were valued at their estimated wholesale value as condos.

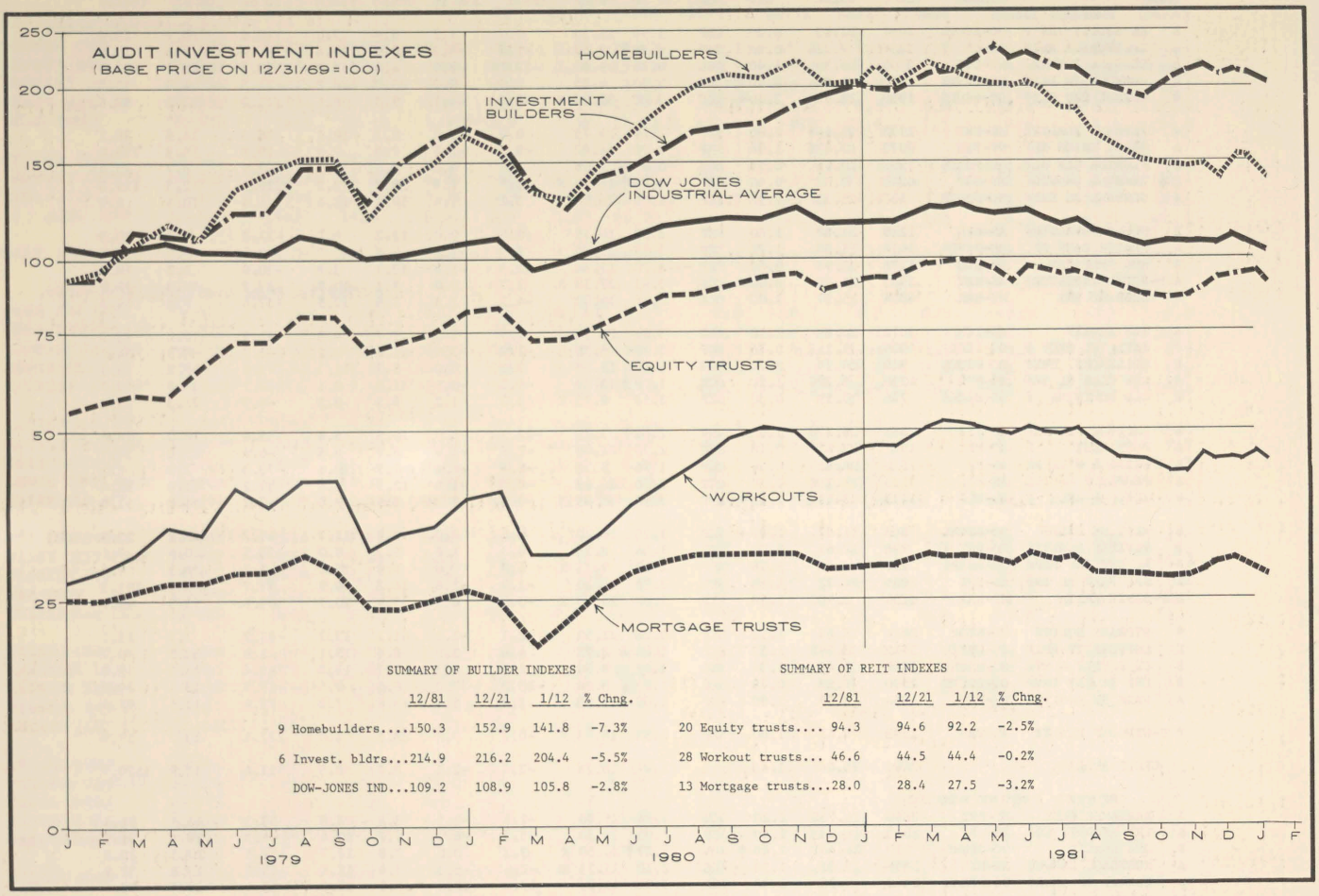
Stock investors appear to see the resulting net asset value ($17.28/sh.) as soft, as witness the 59½% discount. But a look at Saul's underlying cash flow indicates it is slowly making good on its futures. Net cash flow from income properties after deducting applicable operating and general costs was a deficit $2.7 mil. in FY 1981, far superior to the negative $5.1 mil. of two years before. This

(Continued on page 3)

CURRENT ASSET VALUE COMPARISONS

	DATE	CURRENT VALUE	% PR TO CV
QUALIFIED REITS			
BANKAMER RLTY	7/81	$38.50	-35.1%
CALIFORNIA REI#	10/81	$14.02	-39.4%
FEDERAL REALTY#	12/80	$35.65	-44.6%
FIRST UNION RE#	6/81	$22.73	-34.5%
INTL INC PROP #	6/81	$11.04	-23.0%
JMB REALTY	8/81	$32.26	-36.5%
NEW PLAN RL TR#	7/81	$24.28	-45.9%
PACIFIC RLT TR#	5/81	$41.71	-33.5%
PROPERTY CAPITL	7/81	$29.00	-8.2%
RAMPAC	6/81	$38.84a	-40.4%
SANTA ANITA	12/80	$20.34	-22.6%
UNIVERSITY REI#	6/81	$12.24	-28.5%
WELLS FARGO M&E	6/81	$31.04a	-29.1%
OPERATING COMPANIES			
BAY FINCL CORP	5/81	$17.26	-55.1%
CLEVETRUST RLTY	2/81	$21.59a	-57.7%
FAIRFIELD COM	2/81	$52.05	-72.9%
MIW INV WASH	3/81	$5.48	-49.8%
ROUSE CO #	12/80	$20.75	-8.4%
SAUL (BF) REIT	9/81	$17.28	-59.5%
UNITED NATL CP	2/81	$34.43	-43.4%
US REALTY INV #	9/80	$19.47a	-21.0%

a-Entity has not revalued mortgages which are sizeable part of assets. Share values are fully diluted. Market values are for properties and independent appraisers concur except for JMB, New Plan & Pacific Rl.



SUMMARY OF BUILDER INDEXES

	12/81	12/21	1/12	% Chng.
9 Homebuilders....	150.3	152.9	141.8	-7.3%
6 Invest. bldrs...	214.9	216.2	204.4	-5.5%
DOW-JONES IND...	109.2	108.9	105.8	-2.8%

SUMMARY OF REIT INDEXES

	12/81	12/21	1/12	% Chng.
20 Equity trusts....	94.3	94.6	92.2	-2.5%
28 Workout trusts...	46.6	44.5	44.4	-0.2%
13 Mortgage trusts...	28.0	28.4	27.5	-3.2%

Comparative Realty Stock Group Averages

GROUP	DIV	NON-DIV	TOTAL	SHARE (000)	BOOK VALUE	ANN DIV	EARN ANN	LAST PRICE	-% CHNG FROM-- DEC 21	JAN 1	P/E RATIO	ANN YIELD	% PR TO BK	RETURN ON BK	MARKET VALUE
PROPERTY REITS	35	1	36	2491	15.04	1.43	1.94	16.76	-2.4	-2.1	8.7	8.5	11.4	12.9	1520.7
PROP & MTG COMB REITS	8	2	10	2508	15.42	1.43	2.14	14.90	-1.3	-1.8	7.0	9.6	-3.4	13.9	410.5
MORTGAGE REITS	15	2	17	3367	14.83	1.97	1.51	10.46	-0.6	-1.5	6.9	18.9	-29.5	10.2	628.2
MAJOR HOMEBUILDERS	9	0	9	6789	20.44	0.47	1.78	16.34	-6.8	-5.7	9.2	2.9	-20.1	8.7	974.0
OTHER HOME BLDRS/DEV	10	16	26	3626	9.50	0.11	1.34	7.75	-0.9	-2.9	5.8	1.4	-18.4	14.1	505.9
INCOME PROP/OWN/OPER	14	17	31	5190	6.68	0.19	0.95	7.72	-0.9	-3.6	8.1	2.4	15.6	14.2	1133.9
MTG, INVEST & HOLD COS	8	13	21	8182	12.22	0.25	1.36	9.50	-0.5	-1.1	7.0	2.6	-22.3	11.2	2053.2
DIVERSIFIED REALTY	4	6	10	6541	8.27	0.14	1.04	9.37	-2.3	-3.4	9.0	1.5	13.3	12.6	657.6
FORMER REIT WORKOUTS	0	18	18	5232	3.87	0.00	1.11	2.43	6.6	2.6	2.2	0.0	-37.4	28.8	110.2
LIQUIDATING COS			3	6920	11.30	1.83	0.67	15.92	-6.4	-6.8	23.9	11.5	40.9	5.9	352.0
OVERALL AVERAGE			181	4604	11.20	0.66	1.43	10.42	-1.8	-2.4	7.2	6.4	-7.0	12.8	8346.2
DOW JONES INDUSTRIALS							123.32	847.70	-2.9	-3.1	6.9	6.5			

NOTE: LIQUIDATING COMPANIES INCLUDED ONLY IN COMPANY AND MARKET VALUE AGGREGATES; NOT INCLUDED IN OVERALL AVERAGES.

(Continued from page 2)

means that Saul has to rely less and less on cash from condo conversions, which generated $3.7 mil. in 1981 but have been declining recently. Thus we view BFS shares as a long-term leveraged play on values rising to the $17.28/sh. target.

JMB Realty Trust posted a $32.26/sh. current asset value at Aug. 1981, up 9% for the year and 22% over the $26.43/sh. historic cost of assets before depreciation. JMB's wrap-around mortgages and leasebacks were discounted to yield 14% and a mortgage convertible into part ownership of a shopping center was valued at an 8% cap rate on expected conversion. JMB's value includes $4.73/sh. gain on an apartment sale in '81. Thinly traded JMB shares at 20½ bid (OTC) are an asset play on potential if and when 500,000 warrants are exercised at $20; the warrants expire Aug. 18, 1982.

RANK		EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV	-EARNINGS-- MON	12 MO	LAST PRICE	% CHANGE FROM- 12/21	JAN 1	P/E RATIO	ANN YIELD	% PR TO BK	RETURN ON BK	MKT VA (MIL$)
	PROPERTY TRUSTS														
B	AM EQUITY INV #	OC-AEQTS	2497	12.45	0.30	SEP	1.94	11.38	0.0	1.2	5.9	7.0	-8.6	15.6	28.4
B	CALIFORNIA REI#	AS-CT	1854	9.22$	0.88	SEP	0.78↑	8.50	-1.5	-4.3	10.9	10.4	-7.8	8.5	15.8
A	CENVILL INVSTR	NY-CVI	3505	15.50	1.40	JUL	6.35	29.50	-17.2	-8.9	4.6	4.7	90.3	41.0	103.4
C	COMMONWLTH RLT#	OC-CRTYZ	1468	6.80	0.40←	AUG	0.33	8.25	0.0	0.0	25.0	4.8	21.3	4.9	12.1
B	CONSOL CAP RLY#	OC-CCPLS	1989	28.93	3.00←	AUG	3.80	35.00 X	-0.7	-4.1	9.2	8.6	21.0	13.1	69.6
A	FEDERAL REALTY#	AS-FRT	1933	15.64$	2.00	SEP	2.26	19.75	0.0	-1.3	8.7	10.1	26.3	14.5	38.2
A	FIRST UNION RE#	NY-FUR	9073	12.42$	1.04	SEP	1.90	14.88	-0.8	-1.7	7.8	7.0	19.8	15.3	135.0
A	FLORIDA GLF RL#	OC-FGLFS	1993	10.93	0.74	OCT	0.95↑	9.00	0.0	0.0	9.5	8.2	-17.7	8.7	17.9
C↓	GENERAL GROWTH#	NY-GGP	6242	8.07	0.40	SEP	0.99↑	18.50 X	-0.2	1.4	18.7	2.2	129.2	12.3	115.5
B	GENERAL RE SHS#	OC-GRELS	557	15.33	1.98	SEP	1.59	16.00	3.2	1.6	10.1	12.4	4.4	10.4	8.9
B	GOULD INVESTOR#	AS-GTR	1210	21.80	1.40	SEP	1.50	16.75	-0.8	0.0	11.2	8.4	-23.2	6.9	20.3
A	HEALTH CARE FD	OC-HCFDS	1614	11.50	1.72	SEP	2.17	11.25	2.3	-2.2	5.2	15.3	-2.2	18.9	18.2
B	HMG PROP INV	AS-HMG	1178	22.97	0.60	SEP	1.20	15.88	-2.3	-1.5	13.2	3.8	-30.9	5.2	18.7
A	P-HOTEL INVESTOR#	AS-HOT	2583	22.24	3.00←	AUG	3.41	27.50 X	2.7	0.0	8.1	10.9	23.7	15.3	71.0
A	HUBBARD REI	NY-HRE	4004	25.57	2.00	OCT	2.16	16.00	-4.5	2.4	7.4	12.5	-37.4	8.4	64.1
A	ICM REALTY	AS-ICM	3011	16.83	2.10	AUG	3.08	23.75	0.5	0.5	7.7	8.8	41.1	18.3	71.5
*	INTL INC PROP #	OC-IIPI	4000	9.11$	0.76	SEP	0.77	8.50	-2.9	-2.9	11.0	8.9	-6.7	8.5	34.0
B	MILLER(HS) TRST	OC-HSMTS	560	20.29	2.20	NOV	3.68	19.50	0.0	0.0	5.3	11.3	-3.9	18.1	10.9
A	NEW PLAN RL TR#	AS-NPR	4239	8.80$	1.20	OCT	1.19↑	13.13	-6.2	-0.9	11.0	9.1	49.2	13.5	55.7
B	OLD DOMINION #	OC-ODRES	746	10.19	0.80	SEP	2.17	9.75 X	3.3	1.2	4.5	8.2	-4.3	21.3	7.3
B	PACIFIC RLT TR#	AS-PTR	888	26.27$	1.60	NOV	2.62↑	27.75	-17.5	-5.9	10.6	5.8	5.6	10.0	24.6
A	PENN REIT #	AS-PEI	1561	25.67	2.10	AUG	2.77	24.00	-1.6	-1.6	8.7	8.8	-6.5	10.8	37.5
B	PITTS & W VA RR	AS-PW	1510	24.82	0.56	SEP	1.96	5.38	-6.4	-6.4	2.7	10.4	-78.3	7.9	8.1
A	PROPERTY CAPITL	AS-PCL	3115	19.13$	2.10	OCT	2.10	26.63	-0.4	-1.4	12.7	7.9	39.2	11.0	83.0
B	REIT OF AMER #	AS-REI	1633	32.45	2.85←	AUG	3.64	31.75 X	-0.6	-9.3	8.7	9.0	-2.2	11.2	51.8
B	REIT OF CALIF	OC-RTCAL	863	11.37	1.87↓	SEP	1.96	16.00	0.0	0.0	8.2	11.7	40.7	17.2	13.8
D	RIVIERE REALTY#	PH-RRT.X	908	12.61	0.00	SEP	1.34	8.38	6.3	1.6	6.3	0.0	-33.5	10.6	7.6
A	RL EST INV PRP#	OC-REIPS	959	8.93	1.56	SEP	1.62	9.75 X	4.0	0.0	6.0	16.0	9.2	18.1	9.4
A	SAN FRAN RE IN#	AS-SFI	2665	24.72	1.88	SEP	2.26	38.00	-1.9	-2.6	16.8	4.9	53.7	9.1	101.3
B	P-SANTA ANITA	NY-SAR	6139	3.90$	1.68	SEP	2.00	15.75 X	-0.5	0.0	7.9	10.7	303.8	51.3	96.7
*	STORAGE EQUITS	OC-STOR	2014	13.64	1.52	SEP	0.28	11.50	-2.1	-2.1	41.1	13.2	-15.7	2.1	23.2
C	UNIVERSITY REI#	OC-URETS	3512	8.59$	1.32	SEP	1.04↓	8.75	4.4	2.9	8.4	15.1	1.9	12.1	30.7
B	US EQUITY & MTG	OC-USEM	1086	2.44	1.34	JUL	1.11	8.50	6.3	6.3	7.7	15.8	248.4	45.5	9.2
B	USP RL EST INV#	OC-USPTS	2500	9.82	0.76	SEP	1.23↓	8.00	-20.0	-20.0	6.5	9.5	-18.5	12.5	20.0
A	WASH RE (WRIT)#	AS-WRE	4854	8.09	1.00	SEP	1.02	13.88	1.8	5.7	13.6	7.2	71.6	12.6	67.4
*	P-WINCORP REALTY	AS-WRP	1198	4.41	1.00	SEP	0.58	16.63 X	-0.7	0.0	28.7	6.0	277.1	13.2	19.9
	GROUP AVERAGE		2491	15.04	1.43		1.94	16.76	-2.4	-2.1	8.7	8.5	11.4	12.9	1520.7
	PROPERTY & MTG COMBINATION														
A	BANKAMER RLTY	NY-BRE	3660	18.75$	2.20	OCT	2.84	25.00	-1.5	-1.5	8.8	8.8	33.3	15.1	91.5
B	IRT PROPRTY CO#	AS-IRT	2363	14.10	1.40	SEP	2.03	13.50	-5.3	-6.9	6.7	10.4	-4.3	14.4	31.9
B	JMB REALTY	OC-JMBRS	510	26.46$	2.60↑	NOV	7.27↑	20.50 X	3.2	0.0	2.8	12.7	-22.5	27.5	10.5
A	MORTGAGE GROWTH#	AS-MTG	2838	13.31	1.28	AUG	2.10	11.25 X	-2.6	-5.3	5.4	11.4	-15.5	15.8	31.9
A	PROPTY TR AMER#	OC-PTRAS	2462	9.93	1.32	SEP	1.93	13.25	17.8	20.5	6.9	10.0	33.4	19.4	32.6
B	RAMPAC	NY-RPC	3035	17.83$	1.80	NOV	1.53↓	23.13 X	-12.7	-12.3	15.1	7.8	29.7	8.6	70.2
D	REALTY INCOME	AS-RIT	1575	8.34	0.00	OCT	-0.71	4.13	-5.7	0.0	0.0	0.0	-50.5	-8.5	6.5
A	UNITED RLTY IN	AS-URT	3613	17.66	1.28	NOV	1.14	11.75 X	8.4	4.4	10.3	10.9	-33.5	6.5	42.5
B	WELLS FARGO M&E	NY-WFM	4016	19.73$	2.40	SEP	3.20	22.00	-3.3	-1.7	6.9	10.9	11.5	16.2	88.4
B	WESTERN MTG	BO-WMTGS	1004	8.10	0.00	AUG	0.05	4.50	5.9	4.4	90.0	0.0	-44.4	0.6	4.5
	GROUP AVERAGE		2508	15.42	1.43		2.14	14.90	-1.3	-1.8	7.0	9.6	-3.4	13.9	410.5
	MORTGAGE TRUSTS														
B	CENTRAL MTG&RLY	OC-CMRTS	775	6.19	10.50	SEP	1.44	5.13	8.0	0.0	3.6	204.7	-17.1	23.3	4.0
*	CONSOL CAP INCO	OC-CCITS	6008	22.21	3.00←	SEP	3.25	20.50 X	-5.7	-8.9	6.3	14.6	-7.7	14.6	123.2
B	DEL-VAL FINCL	OC-DVALS	1895	9.10	1.62	SEP	1.46	10.50 X	1.2	0.0	7.2	15.4	15.4	16.0	19.9
C	EQUIT LF MTG&RL	NY-EQ	5663	21.95	1.00←	OCT	0.88	9.50 X	8.3	5.6	10.8	10.5	-56.7	4.0	53.8
A	FIRST CONTNL RE	OC-FCRES	2106	10.45	1.36	NOV	1.46	7.88 X	-1.9	-4.5	5.4	17.3	-24.6	14.0	16.6
D↓	FRASER MTG	OC-FRASS	1038	15.64	0.00↓	NOV	0.05↓	5.75	-8.0	-8.0	115.0	0.0	-63.2	0.3	6.0
D	HEITMAN MTG INV	AS-HTM	3292	1.42	0.00	SEP	-0.30	1.38	0.0	-15.3	0.0	0.0	-2.8	-21.1	4.5
D	L&N HOUSING	OC-LNHC	2200	23.02	3.56	SEP	1.29	24.88 X	4.1	-0.5	19.3	14.3	8.1	5.6	54.7
B	LOMAS & NET MTG	NY-LOM	3700	28.06	2.83	SEP	2.83	19.50	-3.7	-3.7	6.9	14.5	-30.5	10.1	72.2
B	M&T MORTGAGE	OC-MTMIS	1707	10.85	1.68	NOV	1.72	10.25 X	-0.7	-1.3	6.0	16.4	-5.5	15.9	17.5
A	MASSMUTUAL MTG	NY-MML	4723	19.88	1.76	OCT	4.94	13.00	-4.6	0.0	2.6	13.5	-34.6	24.8	61.4
B	MONY MTG INV	NY-MYM	9102	9.66	0.80	NOV	0.82	6.25 X	-2.7	6.3	7.6	12.8	-35.3	8.5	56.9
B	NW MUT LIFE MTG	NY-NML	4758	19.36	1.20←	SEP	1.66	10.50	1.2	1.2	6.3	11.4	-45.8	8.6	50.0
*	PACIF SOTHRN MT	OC-PSMTS	800	12.01	0.86	SEP	0.89	8.13	-1.5	-1.5	9.1	10.6	-32.3	7.4	6.5
A	PNB MTG & RLTY	NY-PNI	4807	16.75	1.20	SEP	1.23	9.13	2.8	4.3	7.4	13.1	-45.5	7.3	43.9
C	REALTY REFUND	NY-RRF	1377	17.27	0.97	OCT	0.97	7.25	0.0	3.6	7.5	13.4	-58.0	5.6	10.0
A	US MUTUAL RE	OC-USMRS	3284	8.21	1.20	OCT	1.15	8.25	0.0	0.0	7.2	14.5	0.5	14.0	27.1
	GROUP AVERAGE		3367	14.83	1.97		1.51	10.46	-0.6	-1.5	6.9	18.9	-29.5	10.2	628.2

ARROWS DENOTE NEW EARNINGS OR DIVIDEND AND DIRECTION. FOR REITS, COMPARISONS ARE BASED ON OPERATING INCOME ONLY. #NET CASH FLOW, SEE PAGE 4. -0.0 IN % PRICE TO BOOK INDICATES NEGATIVE BOOK VALUE. BID PRICES SHOWN FOR ALL OVER THE COUNTER STOCKS. PH-PHILADELPHIA STOCK EXCHANGE. BO-BOSTON EXCHANGE. PS-PACIFIC EXCHANGE. VJ-IN BANKRUPTCY REORGANIZATION. Y-CHAPTER XI REORGANIZATION COMPLETED. P-PAIRED STOCK. $-CURRENT VALUE REPORTED. SEE SEPARATE TABLE PAGE 2.
TRAILING 12 MONTHS DIVIDENDS FOR: REIT OF CALIFORNIA, USP REIT, AMERICAN EQUITY, REALTY REFUND, PROPERTY CAPITAL, GENERAL RE SHS, LOMAS & NETTLETON MTG, US EQUITY & MTG, WISCONSIN REIT, PACIFIC SOUTHERN MTG, PROPERTY TRUST AMERICA, ICM REALTY, CENTRAL MTG, BAYSWATER REALTY, MISSION INVESTMENT TRUST. STORAGE EQUITIES EPS FOR 9 MONTHS PERIOD. L&N HOUSING EPS FOR PERIOD 5/26/81 THRU 9/30/81. GRUBB & ELLIS EPS FOR 9 MONTHS PERIOD. PLAZA REALTY EPS FOR 9 MONTH PERIOD. ALA MOANA EPS FOR 3 MONTHS.
DELETED: COLDWELL BANKER FROM DIVERSIFIED REALTY; TERRYDALE REALTY FROM ENTITIES IN LIQUIDATION.
INSERTION: ALA MOANA HAWAII PROPERTIES IN ENTITIES IN LIQUIDATION; INTEGRATED RESOURCES INC. IN DIVERSIFIED REALTY.
NAME CHANGE: FROM AMERICAN FLETCHER MORTGAGE INVESTORS TO US SHELTER CORP (OLD).
GROUP CHANGE: US SHELTER-OLD & US SHELTER-NEW FROM FORMER REITS IN WORKOUT MODE TO DIVERSIFIED REALTY.
CENVILL INVESTORS FROM INCOME PROP BUILDERS/OWNERS/OPERATORS TO PROPERTY TRUSTS.
PEARCE URSTADT FROM MORTGAGE, INVESTMENT & HOLDING COS. TO DIVERSIFIED REALTY.

RANK		EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV	-EARNINGS-- MON	12 MO	LAST PRICE	% CHANGE FROM- 12/21	JAN 1	P/E RATIO	ANN YIELD	% PR TO BK	RETURN ON BK	MKT VA (MILS)
	MAJOR HOMEBUILDERS														
A	CENTEX CORP	NY-CTX	13209	23.87	0.25	SEP	2.59	23.63	-8.2	-6.4	9.1	1.1	-1.0	10.9	312.1
A	LENNAR CORP	NY-LEN	8091	12.09	0.20	AUG	2.49	12.63	-0.9	-0.9	5.1	1.6	4.5	20.6	102.2
B	PRESLEY COS	NY-PDC	3977	18.29	0.40	OCT	2.61	8.25	-10.8	-12.0	3.2	4.8	-54.9	14.3	32.8
A	PULTE HOME CP	AS-PHM	5734	10.57	0.20	DEC	1.50↑	14.63	-4.1	-4.1	9.8	1.4	38.4	14.2	83.9
A	RYAN HOMES	NY-RYN	6635	17.18	1.30←	SEP	1.49	17.25 X	-11.0	-8.0	11.6	7.5	0.4	8.7	114.5
B	RYLAND GROUP	AS-RYL	2990	15.02	0.72	SEP	1.49	13.50 X	-10.3	-6.1	9.1	5.3	-10.1	9.9	40.4
B	SHAPELL INDUST	NY-SHA	1967	56.30	0.10	SEP	0.50	34.75	-4.1	-3.5	69.5	0.3	-38.3	0.9	68.4
B	STD PACIFIC	NY-SPF	3864	12.70	0.70	SEP	1.36	10.00 X	4.4	-3.7	7.4	7.0	-21.3	10.7	38.6
A	U S HOME CORP	NY-UH	14631	17.90	0.36	SEP	1.97	12.38	-14.6	-10.0	6.3	2.9	-30.8	11.0	181.1
	GROUP AVERAGE		6789	20.44	0.47		1.78	16.34	-6.8	-5.7	9.2	2.9	-20.1	8.7	974.0
	OTHER HOMEBUILDERS & LAND DEVELOPERS														
C	AMER PAC CORP	PS-APF	1953	8.85	0.00	SEP	-0.66↓	5.00	0.0	-16.7	0.0	0.0	-43.5	-7.5	9.8
*	AMER PACESETTER	PS-AECP	2155	11.04	0.00	SEP	1.27	5.13	-6.7	-2.3	4.0	0.0	-53.5	11.5	11.1
C	CAMPANELLI IND	AS-CAP	1768	9.63	0.00	OCT	-0.13	3.00	4.2	0.0	0.0	0.0	-68.8	-1.3	5.3
B	CENTENNIAL GP	AS-CEG	6241	1.50	0.00	SEP	0.19	1.25	10.6	0.0	6.6	0.0	-16.7	12.7	7.8
D	CHEEZEM DEVLPMT	OC-CHZM	2077	7.16	0.10	OCT	2.26↓	5.00	-16.7	-9.1	2.2	2.0	-30.2	31.6	10.4
B	CHRISTIANA COS	NY-CST	2414	9.21	0.40	SEP	0.50	6.88	-9.8	-9.8	13.8	5.8	-25.3	5.4	16.6
D	COVINGTON TECH	OC-COVT	12873	1.37	0.00	SEP	-0.17	0.75	-14.8	-7.4	0.0	0.0	-45.3	-12.4	9.7
D	DELTONA CORP	NY-DLT	3989	14.62	0.00	SEP	1.37	8.25	-13.2	-5.7	6.0	0.0	-43.6	9.4	32.9
C	DEVEL CORP AMER	AS-DCA	2978	23.17	0.00	SEP	4.54	16.75	4.7	-1.5	3.7	0.0	-27.7	19.6	49.9
B	FAIRFIELD COM	AS-FCI	1489	17.38$	0.24	NOV	2.80↑	14.13	6.6	0.0	5.0	1.7	-18.7	16.1	21.0
D	FGI INVESTORS	AS-FGI	1914	7.94	0.05	AUG	0.68	3.25	0.0	0.0	4.8	1.5	-59.1	8.6	6.2
*	FIRST CITY PROP	NY-FCP	5538	8.81	0.00	OCT	1.51	4.75	-7.4	0.0	3.1	0.0	-46.1	17.1	26.3
D Y	FLORIDA COS	PH-FLC.X	19010	0.45	0.00	NOV	0.39←	0.81	17.4	-8.0	2.1	0.0	80.0	86.7	15.4
B	FPA CORP	AS-FPO	2330	17.75	0.40	SEP	2.26	16.50	6.5	0.0	7.3	2.4	-7.0	12.7	38.4
C	GULFSTREAM L&D	AS-GSD	3749	15.79	0.00	SEP	1.61	14.25	-0.9	-3.4	8.9	0.0	-9.8	10.2	53.4
D	JETERO CORP	AS-JTR	1607	7.71	0.20	SEP	1.55	10.63	1.2	-3.4	6.9	1.9	37.9	20.1	17.1
C	LANDMARK LAND	AS-LML	3231	6.82	0.00	SEP	1.04	14.63	-2.5	-7.9	14.1	0.0	114.5	15.2	47.3
D	LEISURE TECH	AS-LVX	3640	4.49	0.00	SEP	1.54	3.00	-4.2	-7.7	1.9	0.0	-33.2	34.3	10.9
C	MISSION INV TR	AS-MIT	1812	8.78	0.09↑	AUG	1.05	5.00	2.5	5.3	4.8	1.8	-43.1	12.0	9.1
C	NELSON (LB) CP	AS-LBN	2236	6.46	0.00	SEP	0.35	2.50	-9.1	-4.9	7.1	0.0	-61.3	5.4	5.6
B	ORIOLE HOMES	AS-OHC	1996	19.62	1.00	SEP	2.76	13.88 X	5.6	0.9	5.0	7.2	-29.3	14.1	27.7
B	PARKWAY COMPANY	OC-PKWYS	1020	15.09	0.10	SEP	6.89	12.75	0.0	0.0	1.9	0.8	-15.5	45.7	13.0
C	PUNTA GORDA	AS-PGA	1770	7.40	0.00	SEP	1.18	8.88	-4.0	-1.3	7.5	0.0	20.0	15.9	15.7
E	STARRETT HSG	AS-SHO	3260	2.98	0.00	SEP	-3.80	4.00	-15.8	-11.1	0.0	0.0	34.2	-127.5	13.0
D	WASHINGTON CP	PH-TWC.X	1675	1.38	0.00	SEP	0.78	3.13	0.0	-3.7	4.0	0.0	126.8	56.5	5.2
B	WRITER CORP	OC-WRTC	1551	11.69	0.20	SEP	2.99	17.50	0.0	0.0	5.9	1.1	49.7	25.6	27.1
	GROUP AVERAGE		3626	9.50	0.11		1.34	7.75	-0.9	-2.9	5.8	1.4	-18.4	14.1	505.9
	INCOME PROP BUILDERS/OWNERS/OPERATORS														
B	AMER CENTURY TR	NY-ACT	3089	9.93	0.20↑	SEP	0.92	7.38 X	-0.9	-3.3	8.0	2.7	-25.7	9.3	22.8
E	AMER REALTY	OC-ARB	2222	4.23	0.00	JUN	0.72	3.75	0.0	1.6	5.2	0.0	-11.3	17.0	8.3
E	API TRUST	OC-APITS	1390	4.89	0.00	SEP	-2.19	1.75	-6.9	-6.9	0.0	0.0	-64.2	-44.8	2.4
E	ARLEN RLY & DEV	NY-ARE	19944	-9.49	0.00	AUG	1.05↓	1.13	0.0	0.0	1.1	0.0	-0.0	-0.0	22.5
B	CANAL RANDOLPH	NY-CRH	1546	9.45	0.64	OCT	1.30↑	27.00	-1.8	-3.6	20.8	2.4	185.7	13.8	41.7
C	CLEVETRUST RLTY	OC-CTRIS	2824	13.07$	0.72	SEP	2.21	9.13	4.3	0.0	4.1	7.9	-30.1	16.9	25.8
E Y	DOMINION M&R	OC-DMRTS	3314	2.42	0.00	NOV	1.05	4.63	2.9	-7.4	4.4	0.0	91.3	43.4	15.3
E	FMI FINANCIAL	OC-FMIF	11316	3.65	0.00	OCT	-0.17↓	1.75	-6.9	-3.3	0.0	0.0	-52.1	-4.7	19.8
B	FOREST CITY EN#	AS-FCE	4049	27.42	0.10	OCT	2.29↑	12.38 X	-9.2	-10.0	5.4	0.8	-54.9	8.4	50.1
C Y	GREAT AMER M&I	OC-GAMI	7422	7.25	0.00	OCT	0.31	7.13	9.7	-6.6	23.0	0.0	-1.7	4.3	52.9
D	GROWTH REALTY	NY-GRW	2105	7.15	0.00	SEP	0.11	2.88	-8.0	4.7	26.2	0.0	-59.7	1.5	6.1
D	INDEPEND HOLDNG	OC-IMTGS	2625	4.42	0.00	SEP	0.34	5.75	-4.2	0.0	16.9	0.0	30.1	7.7	15.1
E	INDIANA FCL INV	OC-IFII	1154	5.61	0.00	SEP	-2.61	2.63	0.0	0.0	0.0	0.0	-53.1	-46.5	3.0
E	KENTUCKY PROPTY	OC-KYPTS	1100	3.70	0.00	AUG	0.64	2.75	4.6	10.0	4.3	0.0	-25.7	17.3	3.0
*	KOGER CO #	OC-KOGR	6088	10.06	1.30	SEP	1.10	15.00 X	-2.7	0.0	13.6	8.7	49.1	10.9	91.3
*	KOGER PROPS #	NY-KOG	6100	4.07	0.80	SEP	1.04	13.00 X	-10.5	-3.7	12.5	6.2	219.4	25.6	79.3
E	NORTH AMER MTG	PS-NAM	15583	2.55	0.00	SEP	-2.50	1.44	9.9	-17.7	0.0	0.0	-43.5	-98.0	22.4
C	NOVUS PROP CO	OC-NOVUS	1929	14.82	0.00	SEP	10.11	14.50	11.5	-13.4	1.4	0.0	-2.2	68.2	28.0
*	PLAZA REALTY	OC-PRISS	5595	0.64	0.00	SEP	0.08	1.44	0.0	0.0	18.0	0.0	125.0	12.5	8.1
E	PRESIDNTL RLY-B	AS-PDL.B	2748	-2.76	0.20	SEP	-0.36	3.25	3.8	0.0	0.0	6.2	-0.0	-0.0	8.9
B	ROUSE CO #	OC-ROUS	14722	9.21$	0.48	SEP	0.49	19.00	-6.8	-7.3	38.8	2.5	106.3	5.3	279.7
C	SAUL (BF) REIT	NY-BFS	6060	5.72$	0.20	SEP	0.50	7.00 X	0.7	-5.1	14.0	2.9	22.4	8.7	42.4
D	SOUTHMARK PROP	NY-SM	15036	4.62	0.05	SEP	2.10	5.25	-6.7	0.0	2.5	1.0	13.6	45.5	78.9
C	TIERCO GP INC	OC-TIER	2371	9.61	0.00	SEP	0.20	3.75	-11.8	0.0	18.8	0.0	-61.0	2.1	8.9
C	TOWERMARC	OC-TOWRS	1161	9.19	0.00	AUG	1.46	6.75	0.0	0.0	4.6	0.0	-26.6	15.9	7.8
E	UMET TRUST	NY-UAT	3810	3.78	0.50	NOV	4.20↑	3.38 X	-6.9	-15.5	0.8	14.8	-10.6	111.1	12.9
B	UNICORP AMER	AS-UAC	1798	12.87	0.40	JUL	0.02	11.88	0.0	1.1	594.0	3.4	-7.7	0.2	21.4
C	UNITED NATL CP	AS-UNT	3483	1.41$	0.00	JUL	0.43	19.50	1.9	-2.5	45.3	0.0	1283.0	30.5	67.9
C	US REALTY INV #	NY-UTY	3537	15.47$	0.20	SEP	2.42	15.38	9.9	0.0	6.4	1.3	-0.6	15.6	54.4
D	WESTPORT COMPNY	OC-WSPTS	5210	6.56	0.00	JUL	2.29	5.25	5.0	2.3	2.3	0.0	-20.0	34.9	27.4
C	WISCONSIN REIT	OC-WREIS	1553	5.51	0.04	SEP	-0.08	3.50	-3.6	0.0	0.0	1.1	-36.5	-1.5	5.4
	GROUP AVERAGE		5190	6.68	0.19		0.95	7.72	-0.9	-3.6	8.1	2.4	15.6	14.2	1133.9

RANK		EXCH/ SYMBOL	SHARE (000)	BOOK VALUE	ANN DIV	-EARNINGS-- MON	12 MO	LAST PRICE	% CHANGE FROM- 12/21	JAN 1	P/E RATIO	ANN YIELD	% PR TO BK	RETURN ON BK	MKT VA (MIL$)
	MORTGAGE, INVESTMENT & HOLDING COS.														
C	ANRET INC	PH-ARET	509	22.67	0.00	AUG	2.21	12.75	-3.8	6.3	5.8	0.0	-43.8	9.7	6.5
C	BAY FINCL CORP	NY-BAY	3334	10.49$	0.00	NOV	3.54	7.75	-8.8	-13.9	2.2	0.0	-26.1	33.7	25.8
C	BAYSWATER RLTY	OC-BAYS	959	21.51	1.25	OCT	1.35	9.25	2.8	1.3	6.9	13.5	-57.0	6.3	8.9
C	CITIZENS GROWTH	OC-CITGS	731	10.31	0.20	OCT	1.23	6.25	0.0	0.0	5.1	3.2	-39.4	11.9	4.6
D Y	CMT INVESTMT CO	OC-CMTIS	2265	5.09	0.00	SEP	1.49	4.38	0.0	0.0	2.9	0.0	-13.9	29.3	9.9
E	DMG INC	NY-DMG	7376	7.73	0.00	SEP	0.12	3.13	-3.7	-10.6	26.1	0.0	-59.5	1.6	23.1
B	EASTOVER CORP	OC-EASTS	980	21.83	0.40	SEP	3.64	21.75	-2.2	-2.2	6.0	1.8	-0.4	16.7	21.3
C	ENTERPRISE DEV	PH-EDG	4812	10.09	0.00	JUL	1.03	7.50	3.4	0.0	7.3	0.0	-25.7	10.2	36.1
C	FED NATL MTG	NY-FNM	59109	22.19	0.16	SEP	-2.01	8.00	-5.9	-5.9	0.0	2.0	-63.9	-9.1	472.9
B	FIRST CARO INV	OC-FCARS	1410	16.23	0.40	SEP	1.19	9.50 X	-0.3	0.0	8.0	4.2	-41.5	7.3	13.4
C	FIRST PENN MTG	NY-FPM	32372	1.52	0.08	OCT	1.36	1.38	0.0	-8.0	1.0	5.8	-9.2	89.5	44.7
D	LINCOLN INVSTRS	OC-LNMGS	2810	2.18	0.00	SEP	-0.19	0.94	0.0	6.8	0.0	0.0	-56.9	-8.7	2.6
A	LOMAS & NET FIN	NY-LNF	6861	15.91	1.44	SEP	2.82	18.50	-3.3	-0.7	6.6	7.8	16.3	17.7	126.9
A	MGIC INVESTMENT	NY-MGI	22587	23.28	1.28	SEP	3.95	49.63	3.4	2.6	12.6	2.6	113.2	17.0	1121.0
C	MIW INV WASH	OC-MINVS	3833	4.29$	0.00	SEP	0.15	2.75	0.0	0.0	18.3	0.0	-35.9	3.5	10.5
*	MORAGA CORP	OC-MORA	1355	14.01	0.00	OCT	1.33	6.00	-14.3	-20.0	4.5	0.0	-57.2	9.5	8.1
B	SECURITY CAPITL	AS-SCC	7417	7.00	0.00	SEP	0.54	4.25	2.9	2.9	7.9	0.0	-39.3	7.7	31.5
C	TRANSAMER RLTY	NY-TAR	3993	15.55	0.00	AUG	1.09	9.00	0.0	-6.5	8.3	0.0	-42.1	7.0	35.9
D	TRI-SOUTH INV	NY-TSI	3911	7.52	0.00	SEP	2.38	3.63	7.4	3.7	1.5	0.0	-51.7	31.6	14.2
D Y	VYQUEST INC	OC-VYQTS	1860	7.07	0.00	AUG	0.83	5.75	12.1	6.9	6.9	0.0	-18.7	11.7	10.7
C	WACHOVIA RLTY	NY-WRI	3335	10.21	0.00	NOV	0.58	7.38	0.0	-1.6	12.7	0.0	-27.7	5.7	24.6
	GROUP AVERAGE		8182	12.22	0.25		1.36	9.50	-0.5	-1.1	7.0	2.6	-22.3	11.2	2053.2
	DIVERSIFIED REALTY COMPANIES														
C	COUSINS PROPS	OC-COUS	5537	3.80	0.32	SEP	0.16	11.63	0.0	-3.1	72.7	2.8	206.1	4.2	64.4
*	GRUBB & ELLIS	AS-GBE	6717	1.81	0.00	SEP	0.20	5.63	-2.1	-2.1	28.2	0.0	211.0	11.0	37.8
*	INTEGRATED RES	NY-IRE	4316	13.97	0.00	SEP	2.44	16.38	11.1	2.4	6.7	0.0	17.3	17.5	70.7
B	KAUFMAN & BROAD	NY-KB	11950	13.69	0.24	AUG	1.31	10.25	-1.3	-2.4	7.8	2.3	-25.1	9.6	122.5
A	NEWHALL LAND	NY-NHL	8827	12.54	0.72	NOV	2.68	27.50	-9.5	-8.0	10.3	2.6	119.3	21.4	242.7
D	PEARCE URSTADT	AS-PUM	824	12.20	0.10	AUG	0.42	5.88	-2.0	2.3	14.0	1.7	-51.8	3.4	4.8
D	TRECO INC	OC-TREC	4301	2.42	0.00	SEP	0.22	1.38	-4.2	-4.2	6.3	0.0	-43.0	9.1	5.9
*	US SHELTER-NEW	OC-USSSV	12021	3.22	0.00	OCT	-0.08	3.00	-20.0	-20.0	0.0	0.0	-6.8	-2.5	36.1
D	US SHELTER-OLD	OC-USSSZ	1352	5.27	0.00	OCT	1.91	5.13	2.6	2.6	2.7	0.0	-2.7	36.2	6.9
C	WEBB (DEL E) CP	NY-WBB	9564	13.74	0.00	SEP	1.14	6.88	1.9	0.0	6.0	0.0	-49.9	8.3	65.8
	GROUP AVERAGE		6541	8.27	0.14		1.04	9.37	-2.3	-3.4	9.0	1.5	13.3	12.6	657.6
	FORMER REITS IN WORKOUT MODE														
E	BRT REALTY	AS-BRT	1400	1.94	0.00	AUG	-0.24	1.38	-8.0	0.0	0.0	0.0	-28.9	-12.4	1.9
E	BT MTG INVSTRS	NY-BTM	2116	4.82	0.00	SEP	4.24	1.38	0.0	10.4	0.3	0.0	-71.4	88.0	2.9
E	BUILDR INV GRP	OC-BULDS	4044	3.05	0.00	SEP	0.83	1.38	0.0	10.4	1.7	0.0	-54.8	27.2	5.6
E	VJCITIZENS MTG	OC-CZM	1421	-7.36	0.00	SEP	5.07	0.13	0.0	0.0	0.0	0.0	-0.0	-0.0	0.2
E	VJCONTINENTAL MTG	OC-CMI	20838	-1.16	0.00	JUN	4.48	0.17	30.8	30.8	0.0	0.0	-0.0	-0.0	3.5
D	HAMILTON INV TR	OC-HAMTS	2195	6.31	0.00	SEP	0.55	5.00	25.0	0.0	9.1	0.0	-20.8	8.7	11.0
E	HOMAC INC	OC-HOMC	1908	8.44	0.00	SEP	0.22	1.63	0.0	-6.9	7.4	0.0	-80.7	2.6	3.1
E	INSTITUTNAL INV	NY-INV	6798	-1.92	0.00	OCT	-1.57	0.63	0.0	-8.7	0.0	0.0	-0.0	-0.0	4.3
E Y	LIFETIME COMMUN	OC-LFTMS	6734	3.96	0.00	JUL	0.53	1.06	-6.2	-6.2	2.0	0.0	-73.2	13.4	7.1
C	MARYLAND REALTY	OC-MDRTS	1786	4.61	0.00	AUG	0.07	2.13	0.0	6.5	30.4	0.0	-53.8	1.5	3.8
C Y	NATIONAL MTG	OC-NMTGS	3707	2.61	0.00	AUG	0.38	1.88	3.9	0.0	4.9	0.0	-28.0	14.6	7.0
E	VJNOVA REIT	OC-FVM	1208	9.85	0.00	SEP	0.87	4.13	-2.8	-5.7	4.7	0.0	-58.1	8.8	5.0
E	PROP INV COLO	OC-PRCLS	1621	7.51	0.00	SEP	2.05	5.75	-4.2	-4.2	2.8	0.0	-23.4	27.3	9.3
E	SO ATLANTIC FIN	NY-SAT	2706	4.75	0.00	JUL	1.26	1.75	0.0	-6.9	1.4	0.0	-63.2	26.5	4.7
*	SUNSTATES CORP	NY-SST	2016	9.15	0.00	SEP	1.02	5.25	-2.4	0.0	5.1	0.0	-42.6	11.1	10.6
D	THACKERAY CORP	NY-THK	5107	3.31	0.00	SEP	0.58	2.13	6.5	6.5	3.7	0.0	-35.6	17.5	10.9
E Y	TRITON GROUP	PS-TGL	27381	-0.17	0.00	AUG	-0.02	0.38	-19.1	-19.1	0.0	0.0	-0.0	-0.0	10.4
E Y	VISTA M&R INC	OC-JMI	1184	10.03	0.00	JUN	-0.27	7.50	42.9	25.0	0.0	0.0	-25.2	-2.7	8.9
	GROUP AVERAGE		5232	3.87	0.00		1.11	2.43	6.6	2.6	2.2	0.0	-37.4	28.8	110.2
	ENTITIES IN LIQUIDATION														
*	ALA MOANA HI PR	NY-ALA	16129	17.76	0.00	SEP	0.13	17.88	-4.0	-5.3	137.5	0.0	0.7	0.7	288.4
*	FR LIQUIDAT GP	AS-FR	1320	4.98	0.00	SEP	-1.37	17.75	-11.8	-13.4	0.0	0.0	256.4	-27.5	23.4
*	ROSSMOOR CORP	AS-RMC	3310	11.15	5.50	SEP	3.24	12.13	-1.0	2.1	3.7	45.3	8.8	29.1	40.2
	GROUP AVERAGE		6920	11.30	1.83		0.67	15.92	-6.4	-6.8	23.9	11.5	40.9	5.9	352.0

HOW TO USE COMPARATIVE TRUST STATISTICS

These per share data are designed to facilitate comparison of stocks in broad industry groups. Two major groups are: Qualified real estate investment trusts (REITs) on Page 4; and operating companies and business trusts (former REITs) on Pages 5-6. REITs are subdivided into equity, mortgage and combination groups. Operating company subgroups include major homebuilders; other homebuilders & developers; income property builders/owners/operators; mortgage, investment & holding; diversified realty; former REITs in workout mode. Entities in liquidation are shown separately.

Rankings from "A" to "E" are based upon Audit's analysis of five-year earnings and dividend history, financial strength and liquidity, and management record. Being historical, they are not based on current price and are not intended as recommendations. An asterisk (*) denotes entities which cannot be ranked because of insufficient operating history in present form, of a financial relationship with Audit, or other special reasons.

Only historical data, or annualizations of latest quarterly data are used and thus should not be read as estimates.

Annualized Dividend and Yield: The posted annual dividend rate is used for all entities except for many qualified REITs. These REITs pay their approximate earnings or net cash flow for each quarter instead of an annual rate, since REITs must pay 95% of earnings to shareholders in order to qualify for exemption from Federal income taxes. This means that REIT dividends may vary from quarter to quarter. For these REITs, the "Annualized Dividend" used is the latest quarterly payout multiplied by four, adjusting for any capital gains or special payouts; thus REIT dividend yields are to be used as guides but are not guaranteed.

Earnings and Price/Earnings Ratio: Except for cash flow entities (see below), earnings shown are the latest 12 months' earnings per share. Book value per share is net worth per share after deducting intangibles; it does not reflect appreciation in asset values but is after deduction of loss reserves.

Cash flow entities are denoted with the symbol "#" after their name and are entities for whom net cash flow provides the most meaningful measure of results. For these entities, net cash flow (calculated as net income plus depreciation less mortgage amortization) is substituted for earnings. Accumulated depreciation is added to historic cost book value for consistency.

NEW LISTINGS: ALA MOANA PROPERTIES AND INTEGRATED RESOURCES JOIN RSR ISSUES

We introduce this issue coverage of two NYSE-listed stocks, Ala Moana Hawaii Properties and Integrated Resources.

Ala Moana Hawaii Properties depository receipts for units in the partnership trade on the NYSE (17-7/8) under the ALA symbol. Ala Moana is the spinoff of real estate holdings of Dillingham Corp. last July into a new partnership which will sell its holdings. Assets transferred were valued at $300 million or $17.76 per unit on 16.73 million units. The partnership has hired Brooks, Harvey & Co., Inc., real estate arm of Morgan Stanley & Co. and selling agent in the successful Monumental Properties liquidation, to market ALA's assets. Assets include the 1.5 million sq. ft. Ala Moana Shopping Center, largest U.S. open-mall center; a 277,000 sq.ft. center on Maui; 390,000 sq. ft. of offices built or under construction; and land near the Ala Moana center. Major closings are expected in the second quarter. How much is ALA worth? We're intrigued by the compensation formula for the three general partners giving them significant incentives on total distributions running up to $32.88/unit. Units are thus speculation on liquidation above "fair value."

Integrated Resources Inc. (16-3/8--NYSE) is the largest publicly owned real estate syndicator (and third-largest overall according to Questor Associates of San Francisco*, having raised $320 mil. equity for real estate through 1980). Earnings per share have risen at a 67% annual rate over the past five years, although only a small gain from last year's $2.15/sh. is in store for 1981. Long-term IRE should benefit from 1981 tax-law changes. Syndication sales, including equipment leasing and oil and gas, generated 80% of operating income in 1980 while insurance sales added 20%. IRE has 4.2 mil. shares out, and are in our diversified realty group on page 6. They depend upon continued marketing success.

* Real Estate Investment Yearbook 1980, $95, Questor Assoc., 115 Sansome, San Francisco, Cal. 94104.

RANKING CHANGES: FRASER MORTGAGE AND GENERAL GROWTH PROPS. REDUCED A NOTCH

The rankings of four stocks have been reviewed the past two weeks and two have been lowered a notch. Rankings are normally reviewed at the end of a fiscal year when the five-year earnings and dividend trends can be viewed fully.

As noted on Page 6, Rankings are based upon long-term historic performance and are not to be read as recommendations since price is not a factor. However we believe they summarize the long-term EPS and dividend growth trends and financial strength of a company or trust.

In fact, balance sheet uncertainties lead to the two downgradings this issue. Fraser Mortgage Investments has gotten over-leveraged with $43 million short-term debt being 2.7-times shareholders' equity. We've reduced FRASS' ranking from C to D. The debt floats at prime or 1% over prime, and Fraser had been able to carry this interest load because some loan receivables generated kicker income. But in the Nov. quarter the spread all but vanished, Fraser earned only 1¢/sh., and omitted its quarterly dividend for the first time since founding in 1969. A loss is expected in the Feb. quarter when Fraser will report $1.1 mil. loss on sale of $5.6 mil. low-earning mortgages for $4.5 million. Fraser continues efforts to arrange sale of land north of Palm Beach, Fla. on which it holds a $11.5 mil. loan. At 5-3/4 bid (OTC) FRASS is a speculation on a drop in short-term rates.

General Growth Properties is lowered from B to C rank because its short-term debt load is beginning to pinch earnings & cash flow available for dividends. Net interest rose 23% to $32.3 mil. in the Sept. 1981 fiscal year, attributed to additional variable rate short-term and intermediate-term borrowings for newly opened shopping centers and expansions to existing centers. (Two centers were financed with more attractive fixed rates after the year-end.) New accounting rules requiring expensing of interest on GGP's $8 mil. land for development also hurt. Net cash flow from operations fell to 90¢ per share from $1.60, and operating in-

(Continued on page 8)

(Continued from page 7)
come was 24¢ v. $1.01. Dividends were at 40¢ in 1981. We view GGP's shopping centers as eminently financable in any normal mortgage market but with only one mall center in construction, a lot of growth has gone. GGP still owns about 7.5 mil. square feet of shopping centers and remains one of the premier shopping center plays; about 4,800 apartment units are being offered for sale. GGP shares at 18-3/8 (NYSE) are a long-term hold and possible buyout candidate.

Rankings are continued unchanged for B.F. Saul REIT (C rank) and JMB Realty (still B). As noted on page 2, Saul is laboring under reduced cash flow because condo sales are lower, although operating cash flow is improving.

NEW HIGHS & LOWS: SOME HOMEBUILDERS AT NEW LOWS WHILE TAKEOVERS SHINE

Stocks making new 12-month highs or lows are worth a closer look because investors are willing to buy or sell at extremes. Two strategies can be used, often with good results:

--Buy off the new-low list if the companies' finances are not impaired and you expect economic conditions and/or interest rates to improve.

--Buy off the new-high list if you expect the reasons for rising prices to continue; this strategy works best in bull markets.

Only two realty stocks have hit new highs the past two weeks: MGIC Investment (49-5/8--NYSE) on advancement of its acquisition at $52/sh. by Baldwin-United; we see it as a low-risk arbitrage now; and Allright Auto Parks (23-3/4--NYSE) on news that Deanlake Investments, Inc., controlled by Hong Kong investor Thomas Chen Tseng Tao has bought 13.8% of shares and may buy up to 51% of Allright's 4.3 mil. shares. Allright operates 1,600 parking facilities in downtown city locations, mostly Sunbelt, and while it's not a realty stock strictly speaking, we regard it as having significant real estate values. Traders may buy on dips.

New lows include four homebuilders, Christiana Cos. (7-7/8--NYSE), Presley Cos. (8¼--NYSE), and Shapell Industries (34-3/4-NYSE), and L.B. Nelson (2½--ASE). Shapell and Christiana have the strongest balance sheets but substantial insider holdings (RSR, Nov. 25, '81) may limit appeal. Investment builders Forest City Ent. (12-3/8--ASE) and Koger Co. (15 bid--OTC) fell because of the dearth of mortgage money and, for FCE, its retailing interests in the industrial Midwest. Both have long-term appeal. FR Liquidating (17-3/4--ASE) has been weak on slowness in selling the portfolio of former Franklin Realty; liquidation proceeds were once estimated at $26-$28/share and shares are a spec on reaching target. MONY Mtg. (6¼--NYSE) weakened on its dividend cut; it's a play on lower interest rates.

MERGERS & ACQUISITIONS: LOMAS & NETTLETON FINANCIAL TO BUY VISTA MORTGAGE & REALTY

Vista Mortgage & Realty Inc. has agreed to be acquired by Lomas & Nettleton Financial Corp. for $9.75/share cash. Closing is expected in February or March. Lomas & Nettleton has been granted an option to buy 39% of the shares from major holders at the same $9.75.

Vista, formerly Justice Mortgage, has 1.18 million shares out, giving the transaction $11.5 million value. The price compares to $10.03/sh. book value and $23.99/sh. taxloss carryforwards. Vista previously had agreed to be acquired by SZRL, owned by Chicago real estate men Sam Zell and Robert Lurie.

UPDATING: Baldwin-United Corp. has been cleared by the Wisconsin insurance commissioner to acquire MGIC Investment for $52/share cash. MGIC Investment owns the largest private mortgage insurer in the U.S. As a condition of buying MGIC, Baldwin-United must divest its ownership in Amic Corp., another private mortgage insurer, within two years. Insurance commissioners in New York and Illinois still must approve the MGIC deal.

Pacific Realty Trust has won reaffirmation of a lower court permanent injunction against a tender offer for 51% of shares by American Pacific Corp.